

State of California

Franchise Tax Board-Legislative Services Bureau
PO Box 1468
Sacramento, CA 95812-1468

Telephone: (916)845-4326
ATSS: 468-4326
FAX: (916)845-5472

Legislative Change No.**01-20**Bill Number: SB 409Author: VincentChapter Number: 01-535Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 17053.57 and 23657Date Filed with the Secretary of the State: October 5, 2001

SUBJECT: Community Development Financial Institution Investments Credit/Extend Repeal Date To January 1, 2007

Senate Bill 409 (Vincent), as enacted on October 5, 2001, made the following changes to California law:

Section 17053.57 and Section 23657 of the Revenue and Taxation Code are amended.

This act extends the sunset date of the community development financial institution credit from January 1, 2002, to January 1, 2007.

This act revises the credit to use the term "qualified investments" made by the taxpayer rather than "qualified deposits." "Qualified investment" means a deposit or loan that does not earn interest, or an equity investment, or an equity-like debt instrument. The qualified investment shall conform to the specifications of the specific instrument as prescribed by the United States Department of Treasury, the Community Development Financial Institutions Fund, or its successor.

In the case where the aggregate amount of qualified investments (deposits) is less than \$10 million in any calendar year, the difference between the aggregate amount of the qualified investments and \$10 million shall be carried over to the next and succeeding years. The difference shall be added to the aggregate amount for the following year. The amount shall only be carried over to years the credit is available.

This act requires the Franchise Tax Board to advise and assist in the administration of this credit as requested by the California Organized Investment Network.

This act is effective immediately as a tax levy and applies to taxable years beginning on or after January 1, 2001.

This act will not require any reports by the department to the Legislature.

Bureau Director

Jana Howard for BP

Date

December 14, 2001